



March 11, 2014

**To: General law Committee – SB 299, Guaranty Fund/Tax hearing March 11, 2014.**

**From: Ted Giannitti, CFO Gault Energy**

Members of the General Law Committee and representatives of our State, I write this letter today in strong opposition to SB 299 as it relates to the creation of a prepaid consumer heating fuel contract guaranty fund. I oppose this proposal for several reasons.

First and foremost, this proposal does nothing to attempt to prevent the wrongdoers from not following the rules. It simply masks them, by creating a tax on the good guys who play by the rules, in order to later pay for the harm caused by the bad guys. That's not good policy. I can only hope that our police officers and other intelligence and enforcement positions across the state and our country don't behave in this manner. The point is, your goal and your job should be to stop the bad guys from harming the public, in this case monetarily by not properly hedging the price programs that they offer.

Second, we are already required to submit to the state the exact number of gallons that we have sold on price programs, and the number of gallons that we have bought or secured to protect the gallons on price programs. The theory was that the people at the state were monitoring to make sure that all heating oil dealers were properly securing gallons sold on price programs. It sounds like this exercise and requirement of the state is not properly protecting the consumer as intended. Why would we then trust that paying money into a fund managed by these same people is going hold up for its intended purpose?

Third, what this bill represents is yet another tax on family held businesses. Regardless of how many people move out of our state, and how many business move out of our state, or even how many entrepreneurs choose to start up businesses in other states from the onset, the state of CT continues to create more and more taxes, fees and regulations to make it tougher and tougher to conduct business in this state. The family run businesses in this industry employ mostly "middle class" people. This is the exact class of people that the politicians and state reps are constantly talking about, and yet with each successive tax and fee that our business gets burdened with, it continually chips away at our ability to hire people, to better compensate people, and to offer better benefits to our people. This concept seems all but lost on the good folks at the Capital.



Fourth, the proposal already provides that when funds raised through this new tax exceed the goal of five million dollars desired for the guaranty fund, that any money beyond that goes into the general fund. Are you kidding? So rather than reducing, stopping or refunding the excess fees, the state is already providing that they'll be able to spend it elsewhere on some other unrelated matter. This aspect of the proposal is truly incomprehensible and I believe a window into the motives and mindset of the people sponsoring it.

For all of those reasons, I am 100% opposed to this proposal. While I'm not in favor of government inserting itself into the private affairs of consumers and businesses, if the government needs to do anything in this regard, how about this proposal. Hire one more state employee, at \$50,000 per year. Have that person go in to each heating oil dealer and make sure they are properly hedging and protecting the consumers who are on price protection programs. Not just prepaid programs, but all price protection programs. Let's say the total cost of this person's job is \$75,000, that's \$125/year for each of the 600 heating oil dealers in our state (a lot less than \$3,900). Then, the state of CT find and hold the businesses improperly running these programs accountable and can post a list on their website, of reputable heating oil dealers who consumers should feel confident in doing business with. In this way, the state is working *with* businesses, and helping to *protect* the consumer, and doing it all *BEFORE* there's a problem, and doing everything they can to *PREVENT* the issue, rather than creating a tax on the good guys, to create a fund to alleviate wrong doings done by the bad guys.